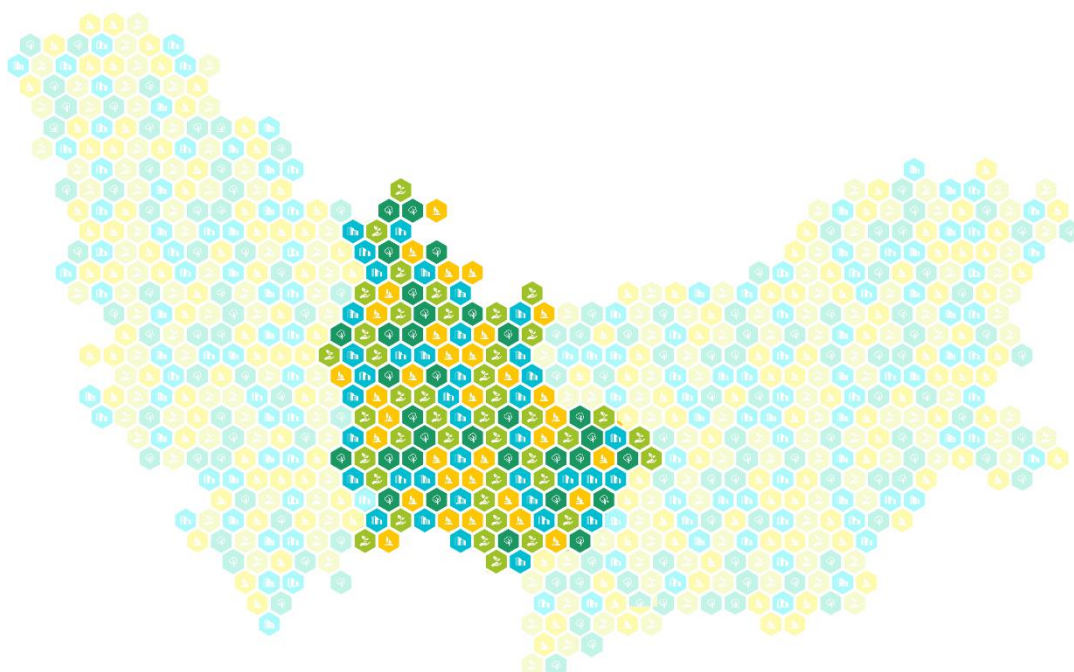


# TERRITORIAL STRATEGY

of the INTERREG VI-A IPA Bulgaria-Serbia Programme 2021 -2027



Version 2, September 2022

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## INTRODUCTION

The Territorial Strategy (TS) is elaborated to address the needs of the Interreg VI-A IPA Bulgaria-Serbia 2021-2027. The implementation of the TS would contribute to the sustainable economic development of the cross-border region. Pursuant to the document “Draft Programme Intervention Logic BULGARIA – SERBIA CBC Programme 2021-2027” the measures of the TS are planned within the framework of Policy Objective 5 “Europe closer to citizens”, Priority 2 “Integrated development of the border region”, Specific objective 2.1. “Fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism, and security in areas other than urban areas”.

Similar to the phase of the analysis, the TS is developed in close coordination with local stakeholders in the cross-border region. The structure of the TS has consist a main strategic goal, specific objectives and measures. Further, the document contains a methodology for implementation, monitoring and evaluation. The TS is in compliance with the legal framework considering the specific characteristics, common challenges, development needs and potentials of the cross-border region.

The required principle of “multi-level governance” has been kept by involving all competent levels<sup>1</sup> in a series of consultation events (described below) and in line with the principles of partnership, gender equality and non-discrimination.

According to the Regulation (EU) 2021/1060 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 June 2021 (CPR) laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy, investments in the form of territorial tools should be supported within territorial and local development strategies. These territorial strategies should be developed and endorsed under the responsibility of local stakeholders and authorities who later become responsible for the selection of projects or get involved in that selection operations to be supported by the strategies.

## METHODOLOGY FOR ELABORATION OF THE STRATEGY

The TS elaboration process followed the bottom-up approach whereby locals and stakeholders participated in every stage of the drafting process through three different territorial tools: Task force group (TFG), public consultations, public campaign for collecting project ideas. Members of TFG are nominated representatives of various sectors accounting for broad territorial representation. The work of the TFG has

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<sup>1</sup> Following a bottom-up regional approach, in close cooperation with the programme structures

been supported by an external consultant whose tasks were to technically draft each essential element of the TS and study particular territorial needs (that complement the ones exhibited during the regional consultations). Then, the draft has been consulted by the TFG members and verified through public consultation with the local stakeholders.

The development goals and priorities of the TS crosscut between EU/national/regional policy frameworks and needs of the CBC territory identified via qualitative (desk research) and quantitative (surveys) studies. The analysis for territorial needs has been developed by various methods and tools for processing and analysing information and documents. Minding the restricted spheres of future support, the focus was put on the common challenges on both sides of the border that are important for the preparation of the TS rather than profound picture with a lot of details.

As a result of the identified needs and development potentials of the programme area, one functional area for interventions has been identified and that is business development prioritizing the tourism as a sub-function of the business development (40% of the priority budget).

The object of the Strategy covers the entire programme area under Interreg VI-A IPA Bulgaria-Serbia 2021-2027 employing the provisions of the integrated territorial development as stated in Article 28 (c) of the CPR Regulation (EU) 2021/1060. Therefore, principles of spatial planning are applied to it. The European regulations underpin the territorial approach with an explicit goal in context of Policy Objective 5 “Europe closer to citizens” as a key instrument towards strengthening territorial functionalities in the border region with positive externalities on cohesion. Its implementation in EU member states requires “integrated territorial development”. This would mean concentration of actions, interventions that are more efficient and enjoy inter-sectoral linkages, intensive intra-sectoral communications and synergic effects. All these present the essence of the integrated approach.

Following the abovementioned methodological platform, the focus will be on efficient utilization of the territory’s potential, revealed so far in the analysis.

The TS for development of the border region possesses all features inherent for spatial planning though having a narrowed scope of intervention due to insufficient resources of the programme. The TS defines the framework for spatial development considering the relevant local potentials and principles of balanced sustainable development thus reflecting the current trends in the national and European regional policies.

The integrated approach to reveal needs and development potentials is expressed in a multi-sectoral package of measures for achieving the objectives of the TS and ensuring the active involvement of partners (stakeholders) at all stages of its development, implementation, monitoring and evaluation.

The vision presents the desirable result of the strategy’s implementation, generally characterized as a sustainable social-economic development of the territory. The identified priority areas of intervention

provide the basis for defining the strategic goals of the TS, which in turn provide basis for its specific objectives. Further, packages of measures are formulated in close relation to the specific needs and potentials as well as to the development goals at higher planning levels.

A system of approaches (integrated, cross-border, ecosystem and place-based approach), principles and methods applied in the development of strategies for territorial development is used. The SMART approach (specific, measurable, achievable, relevant and time-based) is applied in setting the goals.

A methodology for implementation, monitoring and evaluation is prepared in close connection with the results achieved so far, higher-level guidelines and best practices.

The developed Action Plan for implementation of the TS includes the deadlines set for the implementation of envisaged measures.

Finally, the expected results include successful implementation of the TS through the resources of the program and efforts of stakeholders. Meanwhile a higher stakeholders' confidence, understanding and willingness to participate in the process of integrated regional planning is expected. Hopefully, the network of contacts and cross-border interactions will reinforce commitment of local communities to cooperate in a mutually beneficial local and regional development.

## GEOGRAPHICAL AREA COVERED BY THE STRATEGY

The geographical scope of the TS is defined in accordance with the requirements set out in Article 29 of CPR Regulation. The TS looks into existing socio-economic and governance flows across the border region making up the entire programme territory a functional area. The programme area is considered functionally coherent due to the following particularities:

- *small size of the programme territory* – below the (Interreg VI-A) IPA programmes average. The smaller size questions the economic rationality for delineating functional areas for subsets of the territory;
- *uneven spread of common territorial assets and economic activities across the entire programme area, resulting in scattered functional interlinkages*. There are still underdeveloped regions of remote and mountainous villages, which are functionally incoherent with the economic centers of the programme territory;
- *broad participation legitimizes the selected approach* - a Task Force Group (TFG) made of local stakeholders, who develops the TS, has already agreed on the assessed territorial characteristics and functionalities.

In addition to including common needs and potentials, the territory must create conditions for achieving the objectives defined in the strategy. The territorial nature of the strategy determines the serious impact on

it of the priorities of the **Territorial Agenda 2030**<sup>2</sup>, which have also been included in the national and regional documents relevant to the strategy territory. They assign a significant role to a balanced polycentric network of cooperating cities in activating development potentials. Higher-level development centres, such as Sofia region, Vratsa, Montana, Bor, Nis, Pirot, play a particularly important role in this network for the territories in both countries immediately along the border, and their inclusion in the territorial scope is of great importance.

The defined territory of the strategy provides an adequate territorial basis for the preparation of an integrated response to the needs and development potential of the territory, in compliance with the European strategic framework. The applied integrated and functional area approach to TS will help targeting the programme support to functional areas where sub-sectoral interlinkages provide opportunities for building regional value chains where modern environmental and social considerations are fulfilled.

## POLITICAL/PLANNING FRAMEWORK OF THE TERRITORIAL STRATEGY

One of the assigned tasks to the TS is to research and apply both the existing strategic documents in the field of regional and spatial development (national and European) and the national sectoral strategies with territorial relevance:

➤ **EU strategic documents:**

- *White Paper on the Future of Europe (March 2017)*<sup>7</sup> - being a manifesto with philosophical, political and methodological power to strengthen the state of the Union and, at the same time, presents a comprehensive logical set of 5 possible scenarios for its moving forward.
- *7th Report on Economic, Social and Territorial Cohesion (October 2017)*<sup>3</sup> - a blueprint for the planning of the future partnership agreement, for investments and for new operational programmes.
- *Territorial Agenda 2030 A Future for All Places*<sup>4</sup> - a benchmark document underlines the importance of and provides orientation for strategic spatial planning and calls for strengthening the territorial dimension of sector policies at all governance levels.
- *A European Green Deal*<sup>5</sup> - European Commission initiative for the decarbonisation of the economy by 2050. For it to succeed the EGD needs to be at the centre of any development strategy and investments in green innovations should be supported in all sectors. At the same time, it must ensure a gradual and socially just transition to prevent social and economic disruption.

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<sup>2</sup> <https://territorialagenda.eu/home.html>

<sup>7</sup> [https://ec.europa.eu/info/sites/default/files/white\\_paper\\_on\\_the\\_future\\_of\\_europe\\_en.pdf](https://ec.europa.eu/info/sites/default/files/white_paper_on_the_future_of_europe_en.pdf)

<sup>3</sup> [https://ec.europa.eu/regional\\_policy/sources/docoffic/official/reports/cohesion7/7cr.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion7/7cr.pdf)

<sup>4</sup> <https://territorialagenda.eu/home.html>

<sup>5</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1576150542719&uri=COM%3A2019%3A640%3AFIN>

- *The EU policy objectives for the 2021-2027 programming period*<sup>11</sup> - policy for the new planning period shifts from the formula of “smart, sustainable and inclusive development” to a more comprehensive set of priorities that inherit previous directions and enrich content with contemporary challenges

➤ **Strategic framework of the Republic of Bulgaria**

- *National Development Programme: Bulgaria 2030*<sup>12</sup> - indicates three distinct strategic objectives for the development of the country: “technology-based transformation”, “demographic upturn” and “reduced disparities”.

- *The National Concept for Spatial Development for the 2013-2025 period (Update 2019)*<sup>13</sup> sets the spatial development framework and serves as a platform for coordination of all sectoral policies having territorial dimensions.

- *The Integrated Territorial Development Strategy for the Northwest NUTS II Region* covers the northern part of the programme region.

- *The Integrated Territorial Development Strategy for the Southwest NUTS II Region* covers the southern part of the programme region.

- *NextGenerationEU programme* includes three basic goals: a) Development of green and carbon neutral economy by 2050; b) Digital and technological development; c) Restoration of EU economies. The Bulgarian version *NextGenerationBG*<sup>14</sup> includes strategic projects related to the goals above.

➤ **Strategic framework of the Republic of Serbia**

- *The Serbia Country Strategy 2018-2023, European Bank for Reconstruction and Development*<sup>15</sup> is a core national planning document built on three strategic priorities - Foster competitiveness and governance, Enhance integration and Support Green economy

- *The Regional spatial plan for Nišava, Toplica and Pirot districts* is based on the principle for sustainable use of available resources and has the various development priorities.

- *The Regional spatial plan for Zaječar and Bor districts (the Timok Region)* envisages even regional development with competitive economy integrated with its surroundings, energy efficient and attractive for investments.

- *The Regional spatial plan for Jablanica and Pčinja districts* has similar strategic goals and priorities, focused on - growth of market interest in tourist destinations, development of forestry and production/service facilities based on it, tourist capacities and other activities and etc.

- *Border Orientation Paper* for the Interreg-IPA CBC cooperation programmes between Bulgaria and

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<sup>11</sup>[https://ec.europa.eu/regional\\_policy/en/2021\\_2027/#:~:text=EU%20Cohesion%20Policy%20contributes%20to,the%20green%20and%20digital%20transition.](https://ec.europa.eu/regional_policy/en/2021_2027/#:~:text=EU%20Cohesion%20Policy%20contributes%20to,the%20green%20and%20digital%20transition.)

<sup>12</sup> <https://www.minfin.bg/upload/46720/National%2BDevelopment%2BProgramme%2BBULGARIA%2B2030.pdf>

<sup>13</sup> <https://www.mrrb.bg/bg/aktualizaciya-na-nacionalnata-koncepciya-za-prostranstveno-razvitie-za-perioda-2013-2025-g/>

<sup>14</sup> <https://www.nextgeneration.bg/#one>

<sup>15</sup> <https://www.ebrd.com/documents/strategy-and-policy-coordination/serbia-country-strategy.pdf>

respectively: Republic of North Macedonia, Serbia and Turkey set out the key characteristics of cross-border territories and outline ideas, opportunities and recommendations for the thematic focus of the future programme.

## ANALYSIS OF THE DEVELOPMENT NEEDS AND THE POTENTIAL OF THE AREA, INCLUDING ECONOMIC, SOCIAL AND ENVIRONMENTAL INTERLINKAGES

The economic cooperation between Serbia and Bulgaria is expanding, and the trade exchange between the two countries has a tendency of further growth<sup>6</sup>. In particular, the CBC area enjoys sound cross-border economic relations in the field of retail and tourism, underpinned by relatively good cross-border (CB) connectivity that is concentrated in 5 border crossing checkpoints, a railway corridor that is part of a bigger TEN-T network (expecting new investment for a 33,34 km long section between Voluyak and Dragoman of more than €110 million in the coming years) and 6 ports along the Bulgarian and Serbian border with Danube. Since 1991, the CB business cooperation and its strong tourism-oriented specialization, has been gradually expanding and adapting to changing technological and competitive factors, eventually delineating the business function. The functional linkages, that this domain exhibits, are unevenly spread between the six regional centres of Sofia region, Vratsa, Montana, Bor, Nis, Pirot (all have GDP above the CB average per country) who often intersect or complement each other. This gave rise to the emergence of business networks whose economic CB cooperation has been gradually shifting to middle- and high-value added segments of the global value chains (GVC), such as electronics and electrical engineering, ICT, chemical and pharmaceutical industry, machine building, transport and logistics, food industry, agriculture and health care. However, the intercity relations of these 6 regional centres need to scale up and set up a sort of hierarchical networks of nodes and hubs in order to further develop functional links between urban and rural areas. On an enterprise level, the cooperation capacity of SMEs from both sides of the border needs to be further developed in order to provide better chances for participation in the regional and GVC. Regrettably, there is no credible and reliable statistics at CB level to illustrate the precise degree of border interactions in the business and the tourism domain. Instead, a proxy for this assessment is programme historical data underpinned by corresponding national-level statistics (see below). The most recent programme data (2014-2020) show that the biggest funding needs of stakeholders from both sides of the border come from the tourism domain (other options were environment and youth) where it enjoyed 38% share of all project proposals. Likewise, the share of contracted applicants (44%) under the tourism priority has also marked the highest programme value. The extensive programme support to tourism increased the degree of CB valorisation of cultural and natural heritage through cooperation in tourist offers, connected

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<sup>6</sup><https://www.srbija.gov.rs/vest/en/138755/improvement-of-polit-ical-economic-relations-between-serbia-bulgaria.php>



services and creative industries<sup>7</sup>. Statistical data<sup>8</sup> for 2019 (not most recent data are used to avoid data distortion due to COVID-19 pandemic) on trips of Bulgarians to Serbia show that 31% of the trips are tourism-oriented and a 17% are work-driven. Reciprocal data<sup>9</sup> for Serbians travelling to Bulgaria displays even larger ratio - 51% out of all trips are of tourism purposes and 16% are triggered by professional incentives. Following deductive approach, provided nation-level data can be narrow down to regional level and infer strong arguments in support of the delineation of the business functional area across the programme territory (30% of the priority budget) prioritizing the tourism as a sub-function of the business development (40% of the priority budget). Both enjoy a total cumulative share of 70% of the priority budget. Bulgaria and Serbia have been traditional economic partners for many years. There are only nine EU countries with which Serbia does not have negative trade balance and Bulgaria is one of them. In the 2017-2021 period Bulgaria's exports to Serbia<sup>10</sup> reaches the highest growth rate (57%) of all Bulgaria's Balkan partners, while reverse data show a slower growth rate of Serbia's export to Bulgaria amounting to 20%. Focusing roughly identical TS budgetary appropriations on CB business cooperation and tourism, increases the intra-regional functionalities and strengthens further the cohesion of the territory.

## DESCRIPTION OF AN INTEGRATED APPROACH

Interventions planned, coordinated and implemented centrally by the government are no longer enough to deal with the complex challenges of border territories. Different territories and communities require differentiated and tailor-made policy mixes. Here comes the integrated approach to support multi-sectoral interventions by enabling various communities and stakeholders to apply local skills and strengths, and have a sense of ownership over decisions that are made, is believed to be the right approach that brings participatory governance and long-lasting positive outcomes for the territory. The integrated approach to addressing needs and utilising the existing potentials will be implemented through a multi-sectoral package of measures for attaining the objectives of the TS and ensuring the active involvement of partners (stakeholders) at all stages of its development, implementation, monitoring and evaluation. The support of the TS goes in integrated way across sectors under the form of interlinked actions. An example of such interlinked actions is the horizontal policy of the TS described below, under which each all supported interventions should include relevant actions that contribute to the protection of the environment and the biodiversity or provides green and digital solutions. Thus, the integrated approach is further extended to consider the ecological footprints of the supported actions making it mandatory for all projects to propose green and/or digital solutions based on the ecosystem approach. The locally-driven definition and

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<sup>7</sup> <http://www.ipacbc-bgrs.eu/bg/projects-funded>

<sup>8</sup> [https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x\\_2=112](https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x_2=112)

<sup>9</sup> [https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x\\_2=203](https://infostat.nsi.bg/infostat/pages/reports/result.jsf?x_2=203)

<sup>10</sup> <https://www.bnb.bg/Statistics/StExternalSector/StForeignTrade/StFTEExports/index.htm>

implementation of the TS interventions is of highest relevance to the concept of integrated territorial development. Best approach to tackle the broad territorial opportunities and challenges is the place-based and the integrated approach who put the local perspective and work with local people and communities at a central level.

## VISION, OBJECTIVES, MEASURES

Any strategic planning is based on continuity. Following this principle, the Strategy should refer to the previous programming period 2014-2020. Considering the context and intervention capacity, it had a “modest” but realistic vision: *“to act as a tool for integrated support in the region thus seeking to achieve positive effect in the development of the border territories of both countries”*. A set of restrictions, obstacles and opportunities were outlined 8 years ago: 1) segmented economic space; 2) the substantial *development axes* do not cross or connect; 3) a good potential in social and cultural similarities; 4) low level of development in the CBC region; 5) serious gaps in human capital, infrastructure provision and economic activity. The conclusion then was that all above facts and assessments *“make it impossible to define an adequate and realistic development strategy to be implemented using standard tools for regional/sectoral interventions”*. The highly fragmented economy together with depopulation trends represented the main challenges to be faced by the cross-border area.

As of 2021, after substantial efforts and investments the situation is slightly improved except demography. The cross-border region needs not just one TS, but two strategies. One *“adequate and realistic development strategy”* having no “thematic” and budget restrictions, following the logics of spatial planning and another, “small” strategy considering all restrictive rules and capacities. The subject TS is of the second type. An accumulated experience in cross-border cooperation and overall improvements allow formulation of a *more optimistic strategy vision for the cross-border region as of 2027*:

*Opened to neighbouring borders and integrated in the European space and axes of urbanization, of culture, science and innovations. The well preserved and sustainably used resources (land, forests, water, natural and cultural heritage) – a guarantee for the regions prosperity and identity. A balanced integrated development achieved through persistent investment in economic, social, transport, engineering, cultural and tourist infrastructure thus ensuring green economic growth, adaptivity to changes and cohesion.*

Such a vision has a reach beyond any formalised timeframe of a planning document at this level. The desired course of the vision presupposes multisector actions with a single focus - cohesion. Cohesion, understood as reduction of economic and social disparities, better connectivity and functional and spatial integration. In addition to the reduced disparities, cohesion implies preservation of cultural diversity and identities of territorial communities at every level.

Cohesion has three major components as follows:

- *Territorial cohesion* addresses cross-border cooperation and includes integrated development of cities and their interconnection into networks of cooperation, as well as preservation of natural and cultural heritage, i.e. their identity. Main tools of territorial cohesion are the elements of physical connectivity - all kinds of linear infrastructures, including telecommunication.
- *Economic cohesion* means reducing the disparities in the major economic development indicators for the border region. “Competitiveness”, “knowledge-based economy” and “innovations in the SME sector” will continue to be the drivers of economic development. While these economic drivers remain prerequisites for a “smarter” and “greener” growth, further consideration should be given to the “more social” growth that creates chances for employment of unskilled workers in traditional industries like forestry or food processing.
- *Social cohesion* is a direct result of economic cohesion and is expressed as a general improvement of living standards on both sides of the border (employment, income, consumer spending) and quality of human resources (education, healthcare, social services, culture). The goal of social cohesion, again, is to reduce the disparities in the social area and in the quality of life in the whole CBC region.

The essence of the vision is reflected in the formulation of the *strategic objective*:

**To enhance growth in all its aspects**

The *problem* addressed is:

**The strategy area has the lowest scores in all EU development indicators**

The proposed *solution* is:

**Multi-sectoral inter-connected interventions whose joint cumulative effects shall boost the growth indicators.**

By prioritization of needs and considering resource limitations, the strategic objective is decomposed into two specific objectives:

### **Specific objective 1: To expand and improve service provision**

The problem in brief: Remote areas, disadvantaged groups of people and small businesses continue to remain under- or inadequately publicly served, which drawbacks growth efforts.

#### ***M 1.1. Expand accessibility and improve quality of services of general interest in support of social and economic growth***

The accessibility, proximity, affordability and quality of public services is important to quality of life and business development. Differences in access to services of general interest risk service providers and enterprises to relocate to areas with better access. This especially concerns remote areas that lack access to

public services and economic and social opportunities. The social and economic gap between the socio-economically advantaged and disadvantaged persons (incl. in terms of income distribution) in the CBC area, as well as the absence of incentives to counter unfavourable implications of the underdeveloped infrastructure, in some territories, that should otherwise favour equal cross-border provision of services, continue to drawback the economic development of the CBC area. In addition to that, more public and private economic incentives are needed to tackle unemployment, particularly youth one and such among vulnerable groups. Demographic trends and rising skill shortages suggest that both countries need to invest more and better in the skills of their current and future workforce, as well as to better link education and training with labour market's needs. Furthermore, vulnerable and disadvantaged groups of people continue to have limited access to services of general interest, therefore integrated measures for service quality enhancement and active economic inclusion of vulnerable persons should be determined with priority and allowing for more digital solutions. Despite the restricted available resources, the measure needs to support elderly people from peripheral rural areas to have access to communication technologies and capability to use them in receiving distant services.

Implementation tool: Multi-sectoral (connectivity, environment, public space) inter-connected interventions whose joint cumulative results will lead to expanded and improved provision of services of general interest.

Based on the described above the following non-exhaustive list of actions which addressed obstacles and challenges in field of service of general interest, and shall produce the integrated effect on the territorial development are proposed to be financed under the Specific objective 1:

- **Actions aimed at expanding accessibility and improving the quality of services of general interest in support of social and economic growth** - developing joint solutions that respond to changing needs by taking-up new technologies (better price/quality ratio, faster service delivery), societal challenges (e.g. population ageing, depopulation, silver economy, etc.); developing joint solutions that diversify the ways in which service of general interest are organised, provided and financed.

### **Specific objective 2: To enhance regional competitiveness, incl. in the area of tourism**

The problem in brief: lowskilled workforce, limited participation of local SMEs in cross-border and international value chains, low uptake of innovative technologies and ICT adoption, insufficient entrepreneurial and business marketing skills to achieve better economic performance in digital-driven markets, untapped tourism potential.

***M 2.1 Development and provision of framework support to local businesses to grow, expand and perform better in a greener and smarter competitive global market***

Among others, SMEs' needs cover framework support for digital and green transition, enhanced management and marketing competencies, creativity and entrepreneurship skills to make the regional economy competitive and inclusive.

These needs can be properly addressed by utilizing and maximizing the existent business support potential by networking relevant institutions from both sides of the border and upgrading and channelling their business supporting practices.

It should be pointed out that the support for SMEs under M 2.1 differs substantially from the support for SMEs under *Priority 1 "Competitive border region"* that is also included in the Interreg VI-A IPA Bulgaria-Serbia 2021-2027. The SMEs support under TS will complement the direct support envisaged under Priority 1. The objective of Priority 1 (direct support to SMEs) is to improve productiveness and increase market shares through: 1) jointly developed technological solutions to enhance sustainable growth, and 2) provision of productive investments (acquisition of fixed capital and intangible assets) to up-scale these solutions. The objective of M 2.1, when it comes to SMEs, is to improve the knowledge and skills of enterprises (acquisition of knowledge capital) in various policy domains (e.g. integration in regional and international value chains) to address diverse territorial socio-economic challenges through the provision of indirect support (consultancy, training, exchange of experience).

***M 2.2 Streamline the utilization of the CBC region's tourist resources, incl. ensuring faster, equitable and environmentally friendly access to and conditions for networking of cultural heritage and tourist sites in the CBC region***

Most of the cultural heritage monuments are in disrepair and need enormous investments for restoration and preservation. In the past years a lot has been invested in culture preservation but still there is a need of further conservation of cultural heritage. Further, exposure models of many sites deprive them from attractiveness instead of contributing to it. Improvements in this aspect (exposure) are needed. There is a lot to be done in digitalization too. Similar to cultural heritage, there are certain needs for providing access to and information for attractive natural complexes like Jerma gorges, Djerdap geopark and Belogradchick rocks, etc. Designing and building of new and rehabilitation of existing ecotrails and bikeroutes will enrich tourist supply and contribute to marketability of tourist products. Tourism mobility measures need to be addressed in a way to ensure faster and smoother movement of people and goods.

***M 2.3. Improving CBC tourism marketing and branding practices***

The purpose behind tourism marketing is to promote the business, make it stand out from rivals, attract customers, and generate brand awareness. The CBC tourist products should be promoted as being the best option for tourists highlighting some of the things that make them different, or unique. Modern tourism marketing would imply wide use of the internet, websites, online adverts, email and social media platforms as ICT technologies play a key role. It is also crucial that the CBC tourism marketing keeps up with the

latest trends thus creating a diverse marketing mix and use the best methods for getting tourist messages out. Thus applying multi-sectoral inter-connected interventions, the measure will contribute to tourism industries' development.

The outbreak of COVID has caused significant disruption to tourism and requires adapting of all tourist businesses accordingly and keep up with the latest trends. One of the recent trends is placing a greater focus on customers in the local area, or in neighbouring countries. This is in favour of the CBC tourist supply – now and in the near future.

In brief, the measure will support development and marketing of CBC regional tourist products, focusing on the new trends and obtaining a recognizable brand.

Based on the described above the following non-exhaustive list of actions which addressed obstacles and challenges in field of regional competitiveness and tourism sector, and shall produce the integrated effect on the territorial development are proposed to be financed under the Specific objective 2:

- **Development and provision of framework support to local businesses to grow, expand and perform better in a greener and smarter competitive global market** - business support organisations from the region will cooperate in setting up a comprehensive joint business services and consultancy programme, designed to meet needs of local SMEs to scale-up and become more competitive on the regional and international market. The programme will focus on training and development, which will provide exposure to a diverse range of themes (entrepreneurship, circularity, resource efficiency, digitalization, internalization), along with a robust support network of supervision and mentoring in place. This indirect support to local business will generate wider benefits for the programme area. Such benefits could include increased employment, entrepreneurship and competitiveness in the region, as well as improved environmental conditions, enhanced innovation and better business survival rates. The enterprise support under priority 2 will complement the direct support envisaged under priority 1 in the following way. The objective of priority 1 (direct support to SMEs) is to improve productiveness and increase market shares through: 1) jointly developed technological solutions to enhance sustainable growth, and 2) provision of productive investments (**acquisition of fixed capital and intangible assets**) to up-scale these solutions. The objective of priority 2, when it comes to SMEs, is to improve the knowledge and skills of enterprises (**acquisition of knowledge capital**) in various policy domains (e.g. integration in regional and international value chains) to address diverse territorial socio-economic challenges through the provision of indirect support (consultancy, training, exchange of experience). In practice, the individual support to enterprises under priority 2, which will be devised in the form of business support programmes based on thoroughly studied growth needs and potentials, may pursue goals such as: enhancing innovation and entrepreneurial capacity,

transitioning to a more digital and greener mode of operation, joining international value chains, business growth and etc.

- **Actions aimed at streamlining the utilization of the CBC region’s tourist resources, including ensuring faster, equitable and environmentally friendly access to and conditions for networking of cultural heritage and tourist sites in the CBC region** – development of new integrated regional tourism products; restoration, preservation, exposition of cultural heritage sites; support for natural tourism sites; set-up of natural sites for economic use; investments in tourist support infrastructure and facilities; strengthening the links between natural and cultural sites, including through enhancing the cycling network, road infrastructure, border crossing points infrastructure; training of staff of tourism attractions; improving CBC tourism marketing and branding practices.

### *Horizontal policy*

Each supported intervention needs to include component that contribute to the protection of the environment and biodiversity or provides green solutions. Thus, the green policy becomes integral part of the integrated territorial development.

The expected outcomes of the active and successful application of the TS may be expressed in:

- ✓ A noticeable improvement in basic economic indicators of the CBC region;
- ✓ Increase of tourist visitors and shares of receipts from tourism in local economies;
- ✓ Alleviated disparities in spatial, economic and social terms;
- ✓ Strengthened cooperation networks and mutual willingness for joint development efforts.

## DESCRIPTION OF THE INVOLVEMENT OF PARTNERS IN THE PREPARATION AND IN THE IMPLEMENTATION OF THE STRATEGY

### *Multi-level governance and partnership*

The TS elaboration process was structured in a way to let broad range of stakeholders participate and contribute equally to the evolvement of a locally-driven TS. The involvement of partners/stakeholders in the drafting and implementation of the TS follows the provisions of Article 8 of the Regulation (EU) 2021/1060 and Regulation (EU) No 240/2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds (ESIF)<sup>11</sup>. Basic principles and good practices for conducting a timely, in-depth and transparent process of consultation with partners on the analysis of the challenges and needs to be addressed, definition of objectives and priorities for overcoming them, as

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<sup>11</sup> <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32014R0240>

well as with regard to the coordination structures and multi-level governance arrangements needed for effective strategy implementation, have been followed.

### ***Roles and responsibilities of partners/stakeholders***

The TS elaboration process followed the bottom-up approach whereby locals and stakeholders participated in every stage of the drafting process through three different territorial tools: TFG, public consultations, public campaign for collecting project ideas. The actual participation of stakeholders in the elaborations content of the TS is done through nominations of persons for members of the TFG. These persons acted as representatives of various interest groups who expressed their willingness to actively contribute to the programming during the first round of regional consultations, back in 2019. Thus, the TFG consisted of the following groups of stakeholders from the region (representative sample) – municipalities, districts, NGOs, professional organizations, businesses etc. The setting of the TFG is a tailor-made solution that takes into account the specificities of the CB area and the lack of existing European Grouping of Territorial Cooperation or other types of cross-border legal bodies for the elaboration and implementation of the TS as referred to under Article 20 of the Interreg Regulation (EU) 2021/1059 of 24 June 2021. Another tailor made instrument to support the development of the TS was the involvement of an external consultant to technically gather and analyze the existing strategic development documents of the territorial stakeholders, to study the particular territorial needs of the stakeholders in CBC context (that complement the ones exhibited during the regional consultations) and to technically draft the strategy. The external consultant was the Bulgarian National Center for Territorial Development, which provided analysis and inputs for the whole CBC area. In practical terms, the joint work goes as follows: each essential element of the TS is drafted by the consultant (step 1), then the TS draft is consulted by the TFG members (step 2) and afterwards it is verified through public consultation with the CBC stakeholders (step 3). These essential elements include: geographical area, analysis of the development needs and potentials of the territories, description of the integrated approach, defining the strategic context, methodology for implementation, monitoring and evaluation of the strategy and shaping a TS action plan.

Further to the three main steps in the elaboration of the TS described above, and in order to strengthen the “bottom-up” approach by involving a wide range of stakeholders in the strategic planning process, a broad campaign for collection of project ideas, that build the list of TS interventions, was launched in December 2021 - February 2022 on both sides of the border. The public campaign for collecting project ideas was carried out to sort out interventions with a potential to contribute to the definition of operations. The sorting out process was based on a set of three main criteria: distinct CBC effect, explicit contribution to TS objectives, degree of maturity. The purpose of the campaign was twofold: (1) to verify once again that measures of the strategy are able to adequately respond to territorial needs and (2) to allow prioritization of areas for intervention under the TS’s Call for proposals.

After the development of the TS is finalized, the TFG will be transformed into Strategy Board (SB). The



transition of TFG into SB is seen as a way to sustain the local ownership of the TS and at the same time to ensure broad public representation in its governance. Thus, SB reflects the partnership principle comprising relevant actors from both sides of the border. The Joint Monitoring Committee (JMC) is the main body to regularly review any issues that affect the performance of the programme (Article 30(1)(b) Interreg Regulation (EU) 2021/1059) and progress in administrative capacity building (Article 30(1)(g) Interreg Regulation (EU) 2021/1059). The TS shall be endorsed both by the SB and the JMC, and checked by the Managing Authority (MA)/National Authority (NA) – all that by the end of 2022/beginning of 2023. The implementation of the TS will be organised in targeted calls for proposals. Rules of procedure, that guide the entire project selection process under the TS will be adopted by the SB and endorsed by the JMC.

### ***Sustainability of partnerships***

The multi-level governance model involves the use of existing arrangements or the establishment of structures<sup>12</sup> (such as secretariats, associations of municipalities, etc.) or coordination mechanisms (e.g., working groups, contracts or agreements, etc.). Capacity building in multi-annual multi-level strategic planning and implementation, especially at local level, increases the role of local authorities, other sub-national authorities, economic and social partners, and civil society organisations involved in the management and implementation of European Structural and Investment Funds, and helps in the long term to strengthen capacity in the field of territorial development. Strengthening cooperation between the authorities, civil society, business organisations, universities and research institutions on the priority topics of the TS is essential for maintaining and building capacity.

The sustainability of the decisions taken in respect with the TS is directly related to multi-level governance as a principle and driver of innovation and good practices. This requires regular stakeholder forums on topics, whether live or in a virtual environment. This includes the development of formats that address and conceptualise topics through active communication, exchange of experience and practical alliances.

## **METHODOLOGY FOR IMPLEMENTATION, MONITORING AND EVALUATION OF THE STRATEGY**

The implementation of the TS begins once it is endorsed by the SB, who will take over the TFG. Members of the SB will have certain thematic expert knowledge of a TS significance, but they may lack such of strategic governance and policy objectives' importance, as well as experience in project selection. These potential knowledge gaps may put the TS implementation at risk. Therefore, once the composition of the SB is completed, the MA/NA will perform skills gap analysis of the SB members to determine weak areas of competency and design corresponding training plans to address potential SB members' knowledge and skills needs. The needs assessment and the subsequent training will take place before the work of the SB

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<sup>12</sup> [https://ec.europa.eu/regional\\_policy/sources/docgener/studies/pdf/integrated\\_strategies/integrated\\_strategies\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/integrated_strategies/integrated_strategies_en.pdf)

starts in effect.

The endorsement of the TS by the JMC is expected to take place as early as possible by the end of 2022/beginning of 2023 and the implementation of the strategy will start immediately after that having all necessary procedural and application documents done in the meantime. The precise implementation arrangements of the TS are under elaboration, but main functions of the SB are already known, while their detailed description will be set out in a Description of functionality and responsibilities document/other agreement document, that will be signed between the SB chairmanship, the MA and the NA. The SB will: (1) select project proposals for funding based on jointly developed with MA and NA selection criteria and obtained user rights in the Electronic Monitoring System (eMS) where the actual selection process takes place. This will also facilitate the work of the program authorities, who will then proceed with the projects compliance check in the eMS (please, see below); (2) agree on the content of the application package, and (3) govern the entire implementation of the strategy by informing MA and NA on the TS progress within a certain timeframe. The day-to-day technical support of the SB will be provided by a secretariat. With a view to maintain and make the best use of already existing administrative capacity within the programme/area, part of the Joint Secretariat (JS) and the JS Antenna staff will be involved as a secretariat of the SB. In that respect a clear separation of functions between the staff involved in the SB technical support and the staff responsible for project monitoring will be ensured (e.g. through separate units).

For consistency purposes, the monitoring and evaluation of the TS implementation will be linked with the Programme’s Performance Framework in compliance with the ‘*Commission staff working document on the performance, monitoring and evaluation of the European Regional Development Fund, the Cohesion Fund and the Just Transition Fund in 2021-2027*’. The following indicators system will monitor the progress of the TS:

### Output indicators<sup>13</sup>

A set of nine common output indicators (selected from Annex 1 of the ERDF Regulation) has been selected, ensuring a good coverage of the main outputs that supported projects will deliver - from establishment of cooperations through development of knowledge capacity to jointly developed solutions addressing territorial challenges.

Indicator name	Definition and justification	Baseline 2021	Milestone 2024	Target 2029
RCO 116 Jointly developed solutions	The indicator counts the number of jointly developed cross-border solutions stemming from joint pilot actions implemented by supported projects.	0	0	21

<sup>13</sup> An ‘*Output indicator*’ means an indicator to measure the specific deliverables of the intervention (Article 2 of the CPR Regulation (EU) 2021/1060)

Indicator name	Definition and justification	Baseline 2021	Milestone 2024	Target 2029
	<p>In order for a jointly developed solutions to be counted, its documentary evidence, at minimum, should comprise of:</p> <ul style="list-style-type: none"> <li>- a vision/strategy/plan to address the SO objective linked with identified common territorial challenges;</li> <li>- drafting and design process of the solution/s followed by their implementation (concrete actions).</li> <li>- indications of the actions needed for the solution/s to be taken up or to be upscaled.</li> </ul> <p>A jointly developed solution implies the involvement of organisations from at least two participating countries in the drafting and design process of the solution. The solutions relevant for this indicator should not have the main topics linked to administrative or legal frameworks.</p>			
RCO84 Pilot actions developed jointly and implemented in projects	<p>The indicator is selected to nudge authorities end enterprises from both sides of the border to embrace, develop and test new solutions to tackle with issues of territorial development and its economic and business-driven dimension from the perspective of employment, productiveness, internationalization, value chains. The scope of a jointly developed pilot action could be to test procedures, new instruments, solutions, experimentation or the transfer of practices. In order to be counted by this indicator,</p> <ul style="list-style-type: none"> <li>- the pilot action needs not only to be developed, but also implemented within the project and</li> <li>- the implementation of the pilot action should be finalised by the end of the project.</li> </ul> <p>Jointly developed pilot action implies the involvement of organizations from each of the two partner countries.</p>	0	0	21
RCO01 Enterprises supported	<p>The two indicators have been selected to respond to the need for counting enterprises that receive non-financial support from ERDF and Cohesion Fund. The indicators are not entitled to measure produced outputs as result of supported actions. Therefore, the indicators measure number of outputs achieved at priority level. For the purpose of these two indicators, enterprises are profit-oriented organisations that produce goods and services to satisfy market needs. Size of the enterprise supported is measured at the time of the application. Also,</p>	0	0	200
RCO04 Enterprises with non-financial	<p>The two indicators have been selected to respond to the need for counting enterprises that receive non-financial support from ERDF and Cohesion Fund. The indicators are not entitled to measure produced outputs as result of supported actions. Therefore, the indicators measure number of outputs achieved at priority level. For the purpose of these two indicators, enterprises are profit-oriented organisations that produce goods and services to satisfy market needs. Size of the enterprise supported is measured at the time of the application. Also,</p>	0	0	200

Indicator name	Definition and justification	Baseline 2021	Milestone 2024	Target 2029
support	they have been selected with the aim to reflect 30% share of the priority budget for business knowledge capacity building.			
RCO58 Dedicated cycling infrastructure supported	The pair of indicators RCO58 and RCR64 (result indicator) is selected to measure progress and results in promoting cycling as the most sustainable mobile solution. RCO58 measures the length (km) of dedicated cycling infrastructure newly built or significantly upgraded by projects supported. Dedicated cycling infrastructure includes cycling facilities separated from other roads or other parts of the same road by structural means, cycling streets, cycling tunnels etc. For cycling infrastructure with separated oneway lanes (ex: on each side of a road), the length is measured as lane length.	0	0	6 km
RCO77 Number of cultural and tourism sites supported	Nearly 40% of the TS budget will be earmarked for tourism. It is an indicator which will measure the number of outputs achieved at TS level. As the name of the indicator suggests, the indicator will count only physical investments, i.e. interventions that lead to creation of new, improved or rehabilitated existent infrastructure of tourism and cultural significance for the TS area.	0	0	12
RCO74 Population covered by projects in the framework of strategies for integrated territorial development	These three indicators have been selected to reflect the budgetary appropriations for integrated territorial development having a share of 61% of the programme budget. The indicators are not entitled to measure produced outputs as a result of supported actions. They measure the numerical dimension of the programme support to integrated territorial development. Thus, RCO74 counts number of persons covered by projects supported by the Programme in the framework of the Territorial strategy. Double counting of population covered by several projects for the same strategy in the same specific objective will be removed. RCO75 counts number of strategies for integrated territorial development, while RCO76 counts number of supported integrated projects.	0	0	980 000
RCO75 Strategies for integrated territorial development supported		0	0	1
RCO76 Integrated projects for territorial development		0	0	29

## Result indicators<sup>14</sup>

Result indicators go one step further from output indicators by measuring changes in line with the objectives of the funding. Three common result (listed below) indicators have been selected with the aim to adequately reflect and capture expected main results, as well as to promote the integrated territorial development as an instrument for solution to cross-border territorial challenges and developmental obstacles. Each of the three result indicators is strongly linked with a single specific objective of the TS with the aim to differentiate concrete and measurable outcomes for the population and thus to eliminate any possible ambiguity and bias with the programme performance framework.

Indicator name	Definition and justification	Baseline 2021	Milestone 2024	Target 2029
RCR104 Solutions taken up or up-scaled by organisations	The indicator counts the number of solutions, other than legal or administrative solutions, that are developed by supported projects and are taken up or upscaled during the implementation of the project or within one year after project completion. At programme level, to be counted for this indicator, the solution should have been taken up or up-scaled by a given organisation during the implementation of the project. Also, the solution needs to be documented by the adopting organisation/s in a proper format, for instance strategies, action plans. The concrete take up or up-scale of developed solutions by relevant organisations is needed to have an impact on the integrated development of the CBC area.	0	0	15
RCR64 Annual users of dedicated cycling infrastructure	This indicator is linked with RCO58 to reflect to the programme contribution to expand and promote cycling solutions. The achieved values are estimated ex-post in terms of the number of users using the infrastructure for the year after the physical completion of the intervention.	0	0	1000
RCR77 Visitors of cultural and tourism sites supported	The indicator builds strong linkages with RCO77. It is the most appropriate indicator to monitor the outcomes of the investments, measured through RCO77 as it is expected that improved cultural and tourism sites should attract more visitors. The time measurement will be one year after the completion of output in the supported project. The indicator does not cover natural sites for which an accurate estimation of number of visitors is not feasible	36 980	0	38 480

<sup>14</sup> 'Result indicator' means an indicator to measure the effects of the interventions supported, with particular reference to the direct addressees, population targeted or users of infrastructure (Article 2 of the CPR Regulation (EU) 2021/1060)

The choice of indicators took into consideration the objectives, expected results and indicative types of actions plus available resources as input, to define targeted projects and strategy's outputs and results for each specific objective. It also seeks to reflect the mission of Interreg to address cross-border challenges and thus contribute to the EU territorial cohesion.

During application process, applicants will receive indicators fiches where more detailed information on data collection and reporting for project monitoring purposes will be provided.

For evaluation purposes, a mid-term assessment of the TS performance is envisaged to take place in 2025. The decision for initiating it will be at the discretion of the SB who will assess its need upon outcomes of the monitoring of supported projects, emerging territorial challenges or other factors that call for revision of the strategy.

## SOURCES OF INFORMATION

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